

Message Text

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ACTION SS-25

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S E C R E T CAIRO 12381

EXDIS

E.O. 11652: GDS

TAGS: ENRG PFOR EG IS US XE

SUBJ: AMOCO ACTIVITY IN GULF OF SUEZ --- CONSULTATIONS IN WASHINGTON

REF: STATE 226567

1. AS INSTRUCTED REFTEL I BRIEFED ROSS CRAIG, AMOCO/EGYPT MANAGER, ON UPCOMING CONSULTATIONS IN WASHINGTON, I DID NOT REPEAT NOT INFORM HIM OF FACT THAT OUR SPECIFIC REQUEST TO DRITL AT SITE 304.1 HAD BEEN TURNED DOWN NOR HAVE WE SAID ANYTHING ABOUT THIS TO EGYPTIANS. I URGED HIM DURING THIS PERIOD TO CEASE ALL ACTIVITY EAST OF MEDIAN LINE CONTESTED BY ISRAELIS. CRAIG CONFIRMED THAT AS RESULT OUR CONTACT ON SEPTEMBER 4 HE HAD ORDERED ALL ACTIVITY EAST OF ANY PLATFORM IN RAMADAN FIELD TO CEASE. THIS INCLUDES ROUTINE ACTIVITY, WICH WILL NOT TAKE PLACE ON WESTERN SIDE OF PLATFORMS. CRIAG POINTED OUT HE IS NOT SURE EACTLY WHERE MEDIAN LINE IS IN RELATION TO ALL THE PLATFORMS. THEREFORE HE HOPES THAT THIS ACTION WILL ELIMINATE POSSIBLITY OF FURTHER INCIDENTS IN THE IMMEDIATE FUTURE.

2. I THEN ASKED CRAIG WHAT HE SEES AS ACCEPTABLE WAY OUT OF PRESENT ACTIVITES. HE SAID THAT OF COURSE AMOCO WOULD NOT WANT ANY DEAL IN WHICH THEY WOULD LOSE THEIR RIGHTS IN GULF OF SUEZ ACREAGE. ON THE OTHER HAND HE FELT THAT MOST IMPORTANT POINT NOW IS TO ALLOW THE UNINHIBITED DEVELOPMENT OF RAMADAN FIELD. THIS WOULD NECESSITATE FREE ACCESS TO BLOCKS 303, 304, 313 AND 294.

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4. FYI - 294 IS BLOCK IN CONCESSION AREA ORIGINALLY GRANTED TO AMOCO IN 1964 BUT WHICH AMOCO LOST WHEN EGYPT REFUSED TO ACCEPT AMOCO'S ASSERTION OF FORCE MAJEURE AS REASON FOR NOT DRILLING BEFORE EXPIRATION DATE OF CONCESSION. AMOCO BOUGHT THIS AREA BACK IN 1974 CONCESSION, SO IT HAS PAID FOR ITS EXPLORATION RIGHTS THERE TWICE. CRAIG SAYS THAT HE HAS BEEN UNDER EXTREME PRESSURE FROM EGPC TO DEVELOP RAMADAN FIELD IN THAT BLOCK SINCE THERE IS EVERY INDICATION THAT THERE IS OIL IN THAT AREA BELONGING TO RAMADAN FIELD. COORDINATES OF BLOCK 294 ARE AS FOLLOWS:

LAT. 28 DEGREES 21 MINUTES 24.08 SECONDS N
LONG. 33 DEGREES 17 MINUTES 40.96 SECONDS E
LAT. 28 DEGREES 21 MINUTES 20.99 SECONDS N
LONG. 33 DEGREES 20 MINUTES 44.41 SECONDS E
LAT. 28 DEGREES 18 MINUTES 38.66 SECONDS N
LONG. 33 DEGREES 20 MINUTES 40.85 SECONDS E
LAT 28 DEGREES 18 MINUTES 41.76 SECONDS N
LONG. 33 DEGREES 17 MINUTES 37.46 SECONDS E END FYI.

4. CRAIG SAID THAT SUCH UNLIMITED DEVELOPMENT OF RAMADAN FIELD WOULD PROBABLY MEAN THE CONSTRUCTION OF AN ADDITIONAL FOUR PLATFORMS EACH WITH FOUR WELLS PRODUCING APPROXIMATELY 14,000 BARRELS PER DAY, THUS INCREASING POSSIBILITY OF RAMADAN TO ABOUT 240,000 BARRELS PER DAY. (THIS IS APPROXIMATELY EQUAL TO TOTAL) AMOCO PRODUCTION FROM SUEZ FIELDS AT CURRENT TIME). CRAIG SAID THAT HE PERSONALLY BELIEVES EGPC WILL ACCEPT SUCH PRACTICAL SOLUTION AS OUTLINED ABOVE AND REEMPHASIZED IMPORTANCE OF DEVELOPMENT RAMADAN FIELD TO MEETING PRODUCTION GOALS AND FOR ALLEVIATING SERIOUS PROBLEMS WITHIN EGYPTIAN ECONOMY.

5. REGARDING SEPTEMBER 21 DEADLINE CRAIG SAID HE HAS PREPARED LETTER TO EGPC CLAIMING FORCE MAJEURE AND ASKING FOR EXTENSION OF DEADLINE ON THAT BASIS. HE HAS NOT SENT LETTER AND INDICATED HE PROBABLY WOULD NOT DO SO UNTIL HE HAS SOME FURTHER WORD FROM US. HE EXPRESSED HOPE THAT, BASED ON INFORMAL ASSURANCES, SUCH EXTENSION MIGHT BE GRANTED FOR BRIEF PERIOD. IN ANY CASE IF ISRAELIS WERE TO AGREE HIS WEEK THAT HE COULD GO BACK TO SITE 304.1, HE COULD PROBABLY PUT RIG THERE BEFORE DEADLINE, AND THUS GET EGPC TO ACCEPT THIS AS FULFILLMENT

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OF AGREEMENT TERMS. HE EMPHASIZED HOWEVER THAT MOST IMPORTANT ASPECT OF WASHINGTON CONSULTATIONS SHOULD BE AGREEMENT TO UNHINDERED DEVELOPMENT OF RAMADAN FIELD IN BLOCKS MENTIONED ABOVE.
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